



414 Nicollet Mall  
Minneapolis, Minnesota 55401-1993

January 16, 2004

Mr. Robert Schroeder, Chair  
Minnesota Environmental Quality Board  
658 Cedar Street, Room 300  
St. Paul, MN 55155

RE: ALTERNATIVE REVIEW PROCESS FOR A SITE PERMIT APPLICATION FOR TWO, 160 MEGAWATT, NATURAL GAS FUELED COMBUSTION TURBINES AT BLUE LAKE GENERATING PLANT AND A ROUTE PERMIT APPLICATION FOR ASSOCIATED TRANSMISSION

Dear Mr Schroeder:

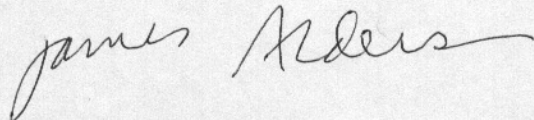
Northern States Power Company d/b/a Xcel Energy ("Xcel Energy") hereby notifies the Minnesota Environmental Quality Board of our intent to make application for a Site Permit for two, 160 megawatt, natural gas fueled combustion turbines to be located at the Blue Lake Generating Plant Site using the alternative review procedures provided for in Minnesota Rules 4400.2000 to 4400.2950. We will also be filing an application for a Route Permit for the associated transmission line improvements under the alternative review provisions of your rules. This notice is being provided in compliance with the requirements to Minnesota Rule 4400.2000 Subp. 2.

Today we have also made application to the Minnesota Public Utilities Commission for a Certificate of Need for the Project. Copies of that application have been provided to the members of the Board and your staff. We understand that the Board's new rules relating to environmental review during the Certificate of Need process are all but finalized. We have discussed with your staff how environmental review might be conducted for our project and have no objection to using the new rules which provide that your staff prepare environmental impact analyses. The new rules also provide for the consolidation of hearings and environmental review for both the Certificate of Need and Site and Route Permitting. We believe this Project lends itself to that approach and request the Board pursue consolidation.

The proposed Blue Lake plant expansion project is in response to unanticipated difficulties encountered in recent months in trying to secure the resources necessary to reliably meet customer demand for electrical power in the summer of 2005. The circumstances driving the need to add generation to our system are described in more detail in our Certificate of Need Application. In order to meet the need in 2005 our proposal must be under construction late this summer. We have briefed your staff about the very short time available to work through the permitting process. We appreciate their willingness to give this matter their attention and coordinate their efforts with the PUC, the Department of Commerce and the PCA. Anything the Board can do to move our proposal through the regulatory process as expeditiously as possible would be appreciated. We are not asking the Board to prejudge our proposal, but rather, to conduct the process as efficiently as possible so that, whatever the outcome, we can maintain the reliability of the State's electrical power supply in 2005.

We look forward to working with you and your staff in the coming months on this important project. Please call me at (612) 330 6732 if you have any questions.

Sincerely,

A handwritten signature in cursive script, reading "James Alders". The signature is written in dark ink and is positioned above the printed name.

JAMES ALDERS

MANAGER REGULATORY PROJECTS